

Exhibit 256



JANUARY 11, 2018

Coinbase
1 Front Street
San Francisco, CA 94111

Highly Confidential

To Whom It May Concern:

Ripple Labs Inc. ("Ripple" or the "Company") has compiled information regarding the digital asset, XRP, following the structure of the GDAX Listing Application (the "GDL"). Because Ripple may not fit the strict definition of "Qualified Applicant" because the Company is not the creator of XRP, Ripple provides the following and enclosed information in lieu of, but based upon, the GDL. Further, Ripple appreciates the sensitivity of these communications, and confirms that it has exercised controls to protect the confidentiality of these communications. Ripple is providing this information to you under our Non-disclosure Agreement. If you have any questions or concerns, we are happy to address any details with you.

Addressing the substance of the GDL, we believe it is important to clarify basic tenets of the digital asset, XRP, namely that it is not a product of Ripple, and it is not a digital asset that Ripple created or issued. We believe these are important distinctions with respect to Securities and Exchange Commission guidance on cryptocurrencies and when certain tokens may be considered securities. As part of our communications with you, we believe the genesis of XRP is an important consideration.

A Brief History

XRP is a digital asset that was created by Chris Larsen, Jed McCaleb, Arthur Britto and David Schwartz (the "Creators") in August of 2012 – notably ***before*** Ripple, the company, was formed. Once the Company was formed, Messrs. Larsen and McCaleb, who had retained the majority of XRP, transferred the bulk of their holdings to Ripple. The Creators developed this unique digital asset to solve the scalability concerns that they believed were inherent in the structure of Bitcoin. In particular, XRP was created to improve the efficiency of payments. To this end, the open source code (available at <https://github.com/ripple/rippled/>) was designed to maximize speed, scalability, and stability. For example, the XRP Ledger (the ledger to which XRP is native) can accommodate 1,500 transactions per second. This is, in part, because XRP is not mined like Bitcoin, but is designed for the ledgers to close in seconds based on a system of consensus. Further, because of the consensus methodology underlying the XRP design, network transaction fees are substantially lower than Bitcoin – typically less than a penny.

Because of the unique qualities of XRP, and the natural suitability of this asset to solve the friction experienced with cross-border payments, Ripple began as, and continues to be, a payments software company. Ripple designs and deploys state-of-the-art software to enable banks and financial institutions to more easily effect cross-border payments. For maximum efficiency, Ripple's customers can (and several do) use, or are exploring the use of, XRP to solve liquidity and value transfer challenges.

Digital Assets and SEC Guidance

We understand that whether or not a digital asset may be considered a security is an important consideration for many in the digital asset ecosystem, and especially exchanges that list cryptocurrencies. Under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act, a security includes "an investment contract." It is generally understood that, following US legal authority, an investment contract is an investment of money in a common enterprise with a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others. See *SEC v. Edwards*, 540 U.S. 389, 393 (2004); *SEC v. W.J. Howey Co.*, 328 U.S. 293, 301 (1946). As the SEC has indicated, whether a particular transaction involves the offer or sale of a security depends on the facts and circumstances, including the economic realities and structure of the enterprise. SEC, *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO*, Release No. 81207 (July 25, 2017).

The SEC has expressed its views that instruments that tie to future promises of profit are securities, whether or not these instruments are traditional stocks or coins. See *id.* But where an asset has utility and unique qualities from which its value derives, it is less likely to be classified as an "investment contract." It is the Company's position that XRP has this underlying utility and value. In particular:

- XRP is a digital asset with unique qualities that drive its utility as an asset ideal for payments.
- XRP does not represent a right for the holder to make any demand on any company, including Ripple.
- XRP does not represent a stake in any company, including Ripple. As described above, XRP was created before Ripple the company was formed. Thus, the value of XRP is separate from the profits, risks, or success of Ripple.
- The value of XRP is largely driven by demand (its value is determined by the amount another person is willing to pay in exchange for it) and, amongst other use cases, its utility as a liquidity bridging tool (as described above) and effectiveness in solving real-world problems faced by financial institutions. Unlike securities, which derive value from the expected profits or returns of an underlying enterprise, it is XRP's unique inherent utility as a liquidity bridging tool, and the demand for XRP, that contributes to its value.

Perhaps most compelling, if Ripple the company ceased to exist, XRP and the XRP Ledger would and could continue.

Ripple's Holding of XRP

Finally, because the Company is committed to the long term health and stability of XRP markets, and transparency is important to that commitment, Ripple has been public about its own XRP holdings. As of December 3, 2017, Ripple held 6,253,949,032 XRP with 55,000,000,000 XRP placed in escrow. The details of this escrow are available at <https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability/> and included as Exhibit A to this letter. Further detail related to Ripple's holding of XRP is available at <https://ripple.com/xrp/market-performance/>. Important information about XRP, its suitability for payments and the relationship between XRP and Ripple's software is available on Ripple.com at the following locations: <https://ripple.com/files/xrp-overview.pdf> and <https://ripple.com/files/xrp-exchanges.pdf>, included as Exhibits B and C to this letter.

Following Section A.1 of the GDL, Ripple provides the following agreements and acknowledgements:

1. In connection with this letter and Exhibits attached hereto, Ripple certifies and attests that to the best of its knowledge, all information presented here is true, complete and accurate and does not misrepresent XRP or the Company's relationship to XRP;
2. Ripple agrees to furnish to Coinbase such available information concerning the Company and XRP as Coinbase may reasonably request;
3. Ripple has received a legal memorandum from a reputable law firm that supports a finding that XRP is not a security under U.S. law;
4. Ripple agrees that it will comply with current and future rules and policies of Coinbase and GDAX, provided these rules and policies are applicable to the Company;
5. Ripple agrees to notify Coinbase of any corporate action or other event which would cause Ripple to fail to be in compliance with GDAX listing requirements, if applicable;
6. Ripple acknowledges and understands that this letter and Exhibits attached hereto will not be a guarantee that XRP will be listed. Further, Ripple acknowledges that any fee paid to GDAX for its review will not be refundable;
7. Ripple acknowledges and understands that if this submission to GDAX were to become public for any reason (as a result of Ripple's failure to protect this confidentiality) GDAX may deem this breach to be grounds for cessation of the listing process. Ripple warrants that it has undertaken efforts to ensure that only certain employees are aware of these communications, and these employees have received disclosures related to the importance of confidentiality and have acknowledged his/her responsibilities with reference to the same;
8. Ripple agrees that each of its employees who are aware of this letter and related communications with GDAX have acknowledged his/her responsibility to not disclose these confidential discussions and to use an appropriate degree of care to protect this information. Further, any professional advisors retained related to the same understand his/her confidentiality responsibilities and are bound by a duty of confidentiality;
9. Ripple agrees that each of its employees who are aware of this letter and related communications with GDAX have acknowledged his/her responsibility to not disclose these confidential discussions and to use an appropriate degree of care to protect this information. Further, any professional advisors retained related to the same understand his/her confidentiality responsibilities and are bound by a duty of confidentiality;
10. XRP does not belong to Ripple, thus for purposes of publicity related to the listing of XRP, Ripple cannot authorize the use of logos or trade/service marks related to XRP.
11. XRP does not belong to Ripple, thus for purposes of publicity related to the listing of XRP, Ripple cannot authorize the use of logos or trade/service marks related to XRP nor can it hold Coinbase harmless from any third party rights or claims regarding the use of corporate logos, web site address(es), trade names, trade/service marks and/or the trading symbol XRP;

12. Although Ripple did not create, nor does it control, XRP, because the Company is committed to the long term health and stability of XRP markets, it agrees to pay, when due, all agreed to fees associated with GDAX reviewing this correspondence and the suitability of XRP for listing on GDAX;
13. With respect to this correspondence, Exhibits attached hereto and related communications to GDAX, Ripple agrees to comply with applicable laws and regulations;
14. Ripple understands that GDAX may, consistent with applicable laws and regulations, suspend trading of XRP in its independent discretion and without prior notice; and
15. In no event will either GDAX or Ripple's aggregate and cumulative liability for any losses and damages rising out of this communication exceed the total amount paid by Ripple to GDAX related to this communication.

Regarding Section A.2, the Company provides the below information, relevant to the digital asset XRP:

Name of Asset & Trading Symbol	The asset is called XRP. XRP is also the trading symbol.
Full Legal Name of Qualified Applicant	As outlined in this correspondence, Ripple is neither the creator nor issuer of XRP, and thus may not be a "Qualified Applicant" as that term is used in the GDL. Notwithstanding this, Ripple Labs Inc. is the company supporting this communication, and discussions with the Company should be directed to Miguel Vias, Head of XRP Markets for Ripple Labs Inc.
Contact Email	██████████@Ripple.com
Contact Phone Number	██████████
Country of Incorporation	Ripple Labs Inc. is a US company incorporated in Delaware
Date of Incorporation	Ripple Labs Inc. was formerly known as NewCoin, Inc. and incorporated in California on or about September 19, 2012. The Company then changed its name to OpenCoin, Inc. on or around October 13, 2012 and then merged into Ripple Labs Inc., a Delaware corporation, on or around September 15, 2014. Ripple Labs Inc. is the surviving entity.
Project Website Address	There is no project website address. Information regarding XRP is available at: https://ripple.com/xrp/

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Github or Codebase	https://github.com/ripple/rippled/
Blockchain Explorer / Other	Details related to the XRP Ledger can be found at https://xrpscharts.ripple.com
Social Media Forums	twitter.com/ripple -facebook.com/ripplepay -reddit.com/r/ripple
Key Personnel (Names, Titles)	██████████, CTO David Schwartz, Chief Cryptographer ██████████, Engineering Manager ██████████, Product Manager Miguel Vias, Head of XRP Markets

Regarding Section A.3, the Company provides the Digital Asset Framework and Self Assessment, attached as Exhibit D.

Regarding the Supplemental Documentation, the Company provides the following information:

- The Ripple Protocol Consensus Algorithm (Whitepaper) dated 2014 by David Schwartz, Noah Youngs and Arthur Britto, attached hereto as Exhibit E;
- XRP performance metrics can be found at: <https://ripple.com/xrp/market-performance/>
- The Rippled Historical Database can be found at: <https://github.com/ripple/rippled-historical-database>;
- A description of the technical processes employed by Ripple are included as Exhibit F;
- An NCC third party security audit is attached as Exhibit G. Please note that this is a highly confidential document shared under our non-disclosure agreement;
- The ongoing bug bounty program can be found at: <https://ripple.com/bug-bounty/>; and
- The history of disclosed vulnerabilities can be found at: <https://ripple.com/dev-blog/>.

Orderly Markets

XRP is currently listed on over 50 exchanges around the world. In the fourth quarter of 2017, XRP trading reflected an average daily volume of \$807.6M with a maximum daily volume of \$8.11B. At various times in Q4 2017, XRP was the second most actively traded digital asset in the world behind Bitcoin, often with volume greater than that of the next three most actively traded digital assets combined.

To help support orderly markets from the outset of a listing, there are a number of ways in which Ripple could engage with both Coinbase and market participants. Examples include:

- Market Makers - Ripple currently has relationships with some of the largest market makers in the world by lending or selling XRP to provide liquidity globally. To the extent that Coinbase deems it important to have certain market makers engaged at the launch of any listing of XRP, Ripple can help coordinate with market makers, if deemed appropriate and helpful by Coinbase.
- Sales to Coinbase – assuming Coinbase on-boards with Ripple's wholly owned subsidiary, XRP II, LLC, Ripple could agree to sell certain XRP to Coinbase to help support XRP liquidity on Coinbase's platform.
- Loans to Coinbase – also assuming Coinbase on-boards with XRP II, the companies can explore XRP loan agreements to help support XRP liquidity.

Customer Demand and Product Impact

Ripple's cross-border payment software solutions, directed to banks and financial institutions, are optimized when paired with XRP as a liquidity solution. We believe that if Ripple is successful in selling and deploying its software solutions, the usage of XRP will expand as XRP's unique properties and utility are demonstrated.

More concretely, there are a number of participants in the digital asset markets who will continue to be important to its growth. These include:

- Institutional Market Makers - Professional liquidity provider business models are based on capturing spread. As a result, they benefit most when there is consistent order book flow that is relatively price inelastic. Liquidity providers may find it attractive to be active in XRP market order books because Ripple software users may solve for cross-border payment funding using XRP.
- Retail - Liquidity and appreciation are likely two of the most important attributes of a market traded by retail market participants. Ripple aims to help XRP become the most liquid digital asset worldwide by showcasing XRP's unique qualities that can remove the friction in cross-border payments. As Ripple succeeds in its software sales, we hope to see increased XRP usage which should encourage liquid and deep markets for XRP.
- Institutional holders - Though XRP is not a security, numerous hedge funds, asset managers, and alternative investment vehicles have purchased or have showed interest in purchasing digital assets. The two main challenges to participating in XRP for this constituency have been liquidity and custody. If XRP were to be listed on GDAX and supported by Coinbase's institutional custody solution, that would afford existing Coinbase/GDAX institutional customers the ability to securely purchase and store XRP.

With respect to synergies across the Coinbase product lines, as XRP adoption grows among banks and other financial institutions, we anticipate a myriad of opportunities for these customers to leverage all of the enterprise grade solutions at Coinbase today, as well as those it develops in the future.

Other Information

There are additional resources and information we believe may be helpful to understanding Ripple the company and XRP the digital asset.

- An overview presentation that discusses Ripple and XRP, attached hereto as Exhibit H;
- The XRP portal describes XRP, its advantages for payments, as well XRP specific news available at <https://ripple.com/xrp/>;
- The developer portal contains resources for building on the XRP Ledger, available at <https://ripple.com/xrp/>; and
- Ripple's portal for discussion and quarterly markets reports, available at <https://ripple.com/xrp/>.

We hope that you find this information helpful. We remain available to supplement or otherwise work with you to provide additional information. And we look forward to further discussions with you related to these materials.

Sincerely,

RIPPLE LABS INC.



Brad Garlinghouse
Chief Executive Officer, Ripple Labs Inc.